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## Factors of Development of Investment Activity in the Regions of Our Country and Methods of Assessing Their Economic Efficiency

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**Abstract:** Ensuring continuous development and growth of the national economy is the main condition for solving many social, economic and other problems in the society. The improvement of the population's life also depends on the level and speed of economic growth as a result. This is one of the most important features of Japan in the current period – it is a result of the nationalization of the main factor of development and the limitless (global) growth of financial capital. As a result, globalization appears as an all-embracing force in global economic relations, prompting its total elements to become more aligned with each other.

It is becoming an important task for the country to actively participate in international integration processes in the development of the economy based on digital technologies. It will be necessary to modernize the economy, further develop important industrial sectors, and concentrate intellectual, material, financial and other resources. This can be realized due to an active investment policy and the flow of direct foreign investments.

**Key words:** national economy, financial capital, globalization, digital technologies, integration, intellectual and financial resources, investment, investment policy, foreign direct investment.

### Introduction

The Decree of the President of the Republic of Uzbekistan «On the Strategy of Actions for Further Development of the Republic of Uzbekistan» initiated a new stage in determining the priority directions of economic development and liberalization. The main goal of this Decree is to increase the efficiency of the reforms implemented in our country, to create conditions for the development of the state and society in all aspects. In particular, in the third direction of this document, special importance is focused on ensuring reliable protection of rights and guarantees of private property, eliminating all kinds of obstacles

and restrictions, and giving complete freedom to the further development of the business and investment environment [1].

### Materials and Methods

At this point, it should be emphasized that the reasons for the different share of regions in the republic's industry depend on many factors.

In particular, such factors include the area of the territory, its convenient geographical location, climate, the degree of supply of natural raw materials for the industry, the quality and quantity of the labor force, and the level of development of the production infrastructure.

These factors determine the «comparative advantage of the region» and these factors lead the development of the region's industry.

As a result of calculations, if the strategic competitive advantages and comparative advantages of the region are in the range of 25-36 points, then the comparative advantage of this region is high, in the range of 13-24 points, average, and in the range of 1-12 points.

**Table 1. Criteria for evaluating strategic competitive advantages and comparative advantages of regions [2]**

№	Indicator name	Degree	Point scale
1.	The area where the area is located	Comfortable Average Inconvenient	3 2 1
2.	Strategic-geographical location of the territory: bordering regions of the territory and access to world markets and the open sea (land, water, etc.), availability of significant internal markets.	Comfortable Average Inconvenient	3 2 1
3.	General description of the natural conditions, climate and economic potential of the region.	Comfortable Average Inconvenient	3 2 1
4.	The mineral raw material potential of the region and the degree of provision of raw material resources (large opened, expected to be opened mines, existing mineral resources, land resources, water resources)	High Average Low	3 2 1
5.	Demographics and standard of living in the area (quality and quantity of labor force, growing and highly educated population, etc.).	High Average Low	3 2 1
6.	The level of development of market and production infrastructures in the region (location of banking, insurance, credit unions, service facilities, level of development of electricity, transport and communication systems, access to roads, drinking water, natural gas, etc.).	High Average Low	3 2 1
7.	Availability of large natural and economic resources in the region for the cultivation of fruits and vegetables, meat and dairy products with the possibility of deep processing based on modern technologies.	High Average Low	3 2 1
8.	Availability of unique valuable raw material types and deposits.	Available Not available	2 1
9.	The degree of formation of traditional production practices in the	High	3

	region.	Average	2
		Low	1
10.	Factors limiting the industrial production possibilities of the region (level of need for environmental, drinking and technical water resources, reasonable location of production enterprises).	High	3
		Average	2
		Low	1
11.	Analysis of the external environment of the region (political situation in neighboring countries, degree of organization of border cooperation relations, climate changes, growth of labor migration, transport system and problems, regional factors).	High	3
		Average	2
		Low	1
12.	Other potential resources and opportunities of the region.	High	3
		Average	2
		Low	1

The production potential of the region is formed in the process of interaction of natural and labor resources, basic capital and scientific and technical development, and in this regard, basic funds are of particular importance. One of the summarizing indicators representing production potential is the value of fixed assets.

Fixed assets – accumulated buildings, structures, machines, equipment, vehicles and other production facilities used for many years are an indicator of value. In order to get the real value of the main funds at a certain time, an inventory revaluation is carried out on them [3].

Basic funds are the most variable component of national wealth, the material and technical basis of production potential. At the same time, they ensure the production of quality and competitive products. Fixed assets also include intangible assets (costs of prospecting, software, technology, etc.).

It is necessary to distinguish between the active and inactive part of the main funds. Buildings, structures, transmission equipment, goods and services are not directly involved in production, therefore, they are included in the inactive part of fixed assets. Currently, they make up about 60% of the value of all fixed assets. The rest of it is the active part consisting of machines, tools and equipment, vehicles, farm inventory.

The foundation of economic production potential in the value of gross fixed assets is industry, where 31.3 percent of all fixed assets in the national economy are concentrated. There is also a traditional practice of dividing fixed assets into productive and non-productive types.

Effective use of investments is directly related to the proper organization of the direction of investment, its distribution among economic sectors, in addition to the effective use of labor productivity, material and technical resources, and local raw materials.

Nowadays, investments are made with more consideration of the income obtained from it. In some cases, this leads to the limitation of the ability to work the production process at full capacity as a result of not determining the levels of risk and danger arising in the investment [4].

To eliminate such a problem, it is necessary to study the processes of investment and their use in depth, to comprehensively analyze the factors affecting it, to determine the inter-sectoral distribution of investments and the correct direction (justification of the fact that an investment directed to a certain sector can generate more income compared to other sectors) and to improve the investment policy. requires.

In our research, evaluations were studied in accordance with the evaluation system presented in the methodological recommendations for the evaluation of investment projects in the regions.

Methods of analyzing the economic efficiency of investments in the regions are divided into two groups.

1. Methods of investment efficiency analysis based on the simple (calculation) evaluation method, which include:

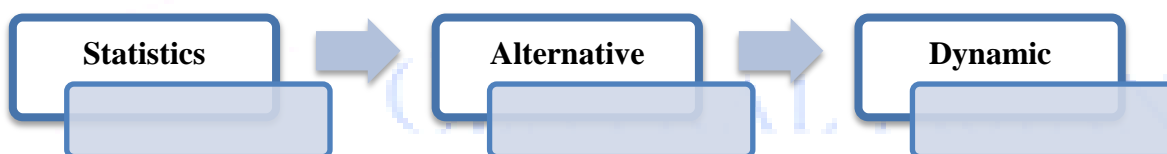
- calculation of investment payback period (RP);
- calculation of return on investment (ARR).

2. Methods of analyzing the effectiveness of investments based on discounted (periodic) evaluation:

- calculation of the net present value (NPV) of the project;
- calculation of investment profitability index (PI);
- calculation of the internal rate of return (IRR) of investments;
- calculation of investment discounted payback period (DPP).

The need to use several assessment methods is explained by the fact that the results obtained using different methods may be contradictory. Analyzing the effectiveness of investments using different methods makes it possible to compare the results and draw conclusions about the feasibility of a particular project.

Currently, the following methods are used to evaluate investments in regions:



**Figure 1. Methods of investment evaluation in regions.**

Each of the mentioned methods has its advantages as well as disadvantages. The advantage of the statistical method is defined as the simplicity of the calculation algorithm. Its main drawback is the lack of an opportunity to assess profitability after the payback period, as well as the lack of the possibility of using this method to calculate the effectiveness of a project related to the creation of a new product.

When statistical methods are used, it is not taken into account that payments and savings due to investments may change over time. A specific (typical) year is selected for investment evaluation from the years in which the investment property is to be used and average (typical/representative) costs and services added this year. It does not take into account that costs and services may change during the investment process.

Alternative (alternative) methods include:

- corrected present value method;
- method of added value;
- real options method.

The adjusted present value method allows to divide the cash flow into several components, the effectiveness of which is evaluated separately, taking into account the cost of insurance risks, as well as the allocated subsidies and benefits. This method is considered to be the most effective method for evaluating investment projects consisting of several funding sources. The main disadvantage of the adjusted present value method is that it requires a large amount of additional data and is calculated by adding the present value (PV) to the net present value (NPV).

The value-added method allows you to estimate the return on investment, which will be higher than the average cost of capital. The main advantage of this method is the possibility to identify when investment

project funds are used inefficiently. Its disadvantage is that it is not possible to develop a forecast for projects with complex cash flow with the need to take into account the time factor. The difference between the income from the sale of the product and the resources spent on production is taken into account.

The method of real options makes it possible to evaluate investment objects created or purchased in the long term and it is calculated by the following formula: (1)

$$C = \frac{IC}{(1+r)^t} * (PI - 1) \quad (1)$$

where C is the real option value;

IC – investment capital;

r – discount rate;

t – is the validity period of the option;

PI – is the expected value of the rate of return.

The main advantage of this method is the possibility of evaluating the entire project. Dynamic methods, also called discounting methods, are based on the theory of the time value of money.

The main indicators of dynamic assessment of the efficiency of investment projects are net present (present) value, project payback period and profitability indicators.

Dynamic methods are based on the funds received from the planned investment on deposits and the period of use at the time of making the investment decision. Received funds and deposits are recorded differently according to their duration, as well as reduced to key indicators - capital cost, internal interest rate, amortization period, etc.

If we systematize the process of analyzing the methods of evaluating the effectiveness of regional investment projects, the following table will be created:

**Table 2. Investment projects in the regions efficiency assessment methods [5]**

Evaluation criteria	Statistical method	An alternative method	Dynamic method
Profitability (profitability)	is evaluated	is evaluated	is evaluated
Capital return	is evaluated	is evaluated	is evaluated
Investor's own funds and ratio of debt funds and that it is sufficient	is evaluated	is evaluated	is evaluated
Deposit amount consider the risk	not evaluated	is evaluated only for the project itself	not evaluated
Adherence to the schedule of implementation of planned stages	not evaluated	not evaluated	not evaluated

Based on the above table, it can be concluded that each of the mentioned methods has its advantages and disadvantages.

Deficiencies in the conditions of foreign investment in the regions create risks in decision-making. The emergence of risks can delay the investment process, so risk consideration should be an integral part of the investment process. When creating an investment project and implementing it, it is necessary to take into account the risks associated with economic, financial, social, political, regulatory and legal, environmental and natural climate conditions. In addition, evaluation methods that take into account the

stages of project implementation are not well developed in the current methods. Therefore, it is desirable to improve the methods of risk classification and assessment based on the stages of the enterprise's investment life cycle.

Investment projects in electric energy are also implemented at similar stages, but the organization of financial flows and the availability of research, design and technological work are of particular importance in their implementation.

### Conclusion

In the conditions of modernization and diversification of the current economy, it is appropriate to establish contractual joint ventures where the investment opportunities of the region are sufficient, but large projects requiring modernization of production have been implemented (for example, in petrochemicals). At the same time, from the very beginning of the contract, the domestic partner should have full ownership of the charter fund and a part of it should be given to the foreign partner organizing the production for a certain period, that is, they should temporarily become a joint venture.

Investment project management includes stages from research and development to market development. Therefore, the life cycle of an investment project can be expressed as a period of time for the realization of the product, starting from product design and production, ending with disposal.

Thus, each stage of the life cycle of an investment project is characterized by different types of risks, most of which are associated with project implementation delays. The investor evaluates the ability of the area investment project to generate cash flows and profitability.

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